

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515
May 14, 2004

SUBCOMMITTEE ACTION REPORT

**Subcommittee on Capital Markets, Insurance,
and Government Sponsored Enterprises**

On Wednesday, May 12, 2004, the Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises met in open session and considered the following measure:

H.R. 3574 STOCK OPTION ACCOUNTING REFORM ACT, was approved for full Committee consideration, with an amendment, by a voice vote.

The following amendments were considered:

An amendment in the nature of a substitute by Mr. Baker, No. 1, making a number of technical and substantive changes to the bill, was AGREED TO by a voice vote, as amended.

An amendment to the amendment in the nature of a substitute by Mr. Sherman, No. 1a, adding companies organized in Mexico to requirements for exemptions, was AGREED TO by a voice vote.

An amendment to the amendment in the nature of a substitute by Mr. Sherman, No. 1b, preserving footnote requirements in reports, was WITHDRAWN.

An amendment to the amendment in the nature of a substitute by Mr. Sherman, No. 1c, regarding applicability of FASB standard for options exceeding \$100,000 per employee, was NOT AGREED TO by a voice vote.

An amendment to the amendment in the nature of a substitute by Mr. Sherman, No. 1d, eliminating the zero volatility assumption, was NOT AGREED TO by a voice vote.

An amendment to the amendment in the nature of a substitute by Mr. Sherman, No. 1e, limiting the bill's effectiveness until SEC adoption of rule providing for recognition of certain development expenditures as intangible assets, was NOT AGREED TO by a voice vote.

An amendment to the amendment in the nature of a substitute by Mr. Ney, No. 1f, regarding option reporting and disclosure, was WITHDRAWN.

A substitute amendment to the amendment in the nature of a substitute by Mr. Kanjorski, No. 1g, replacing the provisions of the bill with a sense of Congress and directing the SEC to undertake a process for establishing standards for the expensing of equity based compensation, was NOT AGREED TO by a voice vote.

The Subcommittee adjourned subject to the call of the chair.